

Law to Control Mergers Urged By Untermyer

Suggests Legislation That Will Correct Methods of Marketing Stock and Give U.S. Board More Powers

Against When-Issued Deals

Attorney Says Testimony in Steel Inquiry Warrants No Action Against Companies

With the testimony on the Bethlehem-Lackawanna and the Midvale, Indiana and Republic steel mergers virtually completed before the Lockwood committee, Samuel Untermyer, the committee's counsel, has drawn certain conclusions on the basis of the facts disclosed which he thinks should be carefully weighed by the committee during the summer for possible legislation on the subject.

The public sessions of the committee are to stop after the coming hearings on Thursday and Friday. Mr. Untermyer will sail for Europe on Saturday. He is not expected to return until September 12.

Mr. Untermyer pointed out, that while the testimony on the mergers and the operations of the curb market and Stock Exchange did not justify his recommending any action, especially in view of the fact that the Federal authorities are checking up on the subject, certain features were developed which he thought required legislative correction.

The Federal Trade Commission, he suggests, should be given power to reject combinations or mergers whenever it believes they would bring about unfair competition, and should be given the opportunity to scrutinize these mergers before they are consummated. It should be made unlawful, he further suggests, for any stock exchange to permit dealings in stocks of projected pools or syndicates unless the full agreement and notice that the stock is to be marketed has been filed with the exchange for public inspection.

At third suggestion of his is that it should be made unlawful for any exchange to deal in securities subject to being issued or "when issued" or in any securities that are not in existence and represented by property. Mr. Untermyer regards such operations as mere gambling.

The general observations of the counsel on the mergers and stock exchange operations as they suggest possible legislative proceedings follows:

"Whilst the testimony does not justify the recommendation of any action on our part with respect to these two mergers, it is nevertheless my view of the fact that the Federal authorities have promised to check up the record, the record has however developed certain features that ought to receive the careful consideration of the committee in its recommendations for legislation.

Should Assure Competition

"First, the law creating the Federal Trade Commission should be enlarged so as to prohibit any person or corporation engaged in interstate commerce from acquiring the property of a competitor likewise engaged without previous application to and approval of the commission after public notice. In that way the commission would be afforded the opportunity of discriminating between mergers that are inconsequential or beneficial and those that substantially affect competition and are therefore in the nature of unfair competition within the meaning of the Clayton Act."

"But for the unexpected publicity given these mergers they would have sold through the stock exchange authority that had to be notified that the intent to come together and in the great variety of mergers that are not so stupendous in their size and that do not therefore challenge public attention, they go through because there is no authority that has to give permission before they can go through."

"The Federal Trade Commission ought to be given the power to reject these combinations or mergers whenever they believe that they constitute unfair competition; and that they cannot do at present except when they get their information through the newspapers or other sources, until the horses escape, and then they proceed to lock the stable door."

"It is a very simple proposition to have the law so amended as to make it unlawful for any person in interstate business to buy out a competitor without first getting the approval of the Federal Trade Commission. I have a very high regard for the work of that commission and I think it has been doing a splendid service."

Wants Public Protected

"The second suggestion that presents itself on the face of this record as now made is that it should be made unlawful for any stock exchange, whether it be a curb exchange, a consolidated exchange or any other exchange, to permit dealings in the securities of any existing or impending corporation where the stock sought to be dealt in is the subject of a pool or syndicate transaction, unless the amount under which the stock is being marketed has been filed with the exchange, open for public inspection; nor unless notice has been given from the rostrum of the exchange or by publication that the security thus being marketed is the subject of a syndicate operation."

"The third suggestion is that it should be made unlawful for any exchange to deal in securities subject to their being issued or "when issued," or in any securities that are not in existence and represented by property. That is a mere gambling operation. The public is invited into a blind pool. No particulars are furnished of the intended transaction, and yet if the securities are subsequently issued the purchaser is bound to take them, however disappointing they may prove to be."

"If securities not then in existence are to be permitted to be dealt in under any circumstances subject to their future issue, the dealings should be preceded by the same detailed statement as is now required by the Stock Exchange for the listing of securities already issued."

"I would like it, however, clearly understood that these observations have no special reference to the proposed legislation."

Speculation Leads to Trusts

"I want to say in connection with this Stock Exchange situation that it lies very close to the subject we are here to investigate, because, in my judgment, if there were no manipulative transactions in securities on the Stock Exchange there would be few or no trusts. If the people could not market these securities in that way we would probably have fewer combinations."

"We are indebted mainly to the manipulative machinery of stock exchanges for these huge combinations that have the country in their grip. It should have been impossible to put them together but for the facilities thus offered to market the stock, and

it would have been impossible to market those huge blocks of stock but for the pools and syndicates and other devices employed, some of which are happily dimmed in the memory of the past."

"Recent stock exchanges as to

reducing the stock exchanges as to

regulate pitifully public as to them, and

you have taken an important step in curtailing the organization of trusts by destroying the stock gambling incentive to which so many owe their origin."

Persistent agitation and fear of government regulation have happily forced some reforms in the unspeakable practices of "wash sales" and "matched orders" that were formerly the order of the day and were regarded as a legitimate and responsible part of the game. But the agitation is still far from being safe for the public and it will never be made so until these exchanges are subjected to regulations that will convert them from gambling houses into the great legitimate security markets of the world that they should be and will be when these reforms have been effected."

"These exchanges are as essentially a part of modern finance as are banks, and they require still closer supervision, but their power is so great and the general public interest seems to be so lethargic that it has been impossible thus far to bring them within the law. In their present form they are an outgrown, despite and dangerous anachronism, but they can be made useful and legitimate if the public in turn can be aroused and sustained long enough to overcome their malignant influence over legislative and other public bodies."

On the Screen

The Devil's Pawn, With Pola Negri, Disappointing; "Nanook of the North" Pleases

By Harriette Underhill

"The Devil's Pawn," at the Rialto, is a pretty bad picture, and "Nanook of the North," at the Capitol, is a pretty interesting picture, but, of course, criticism must always be constructive; so, in spite of the weather, which hasn't been improved a bit by the deluge which struck us when we came out of the Capitol, we shall go on and write at least half a column. Then, too, it isn't the heat, it's the humidity, and we shall try to beat that in mind.

In the first place, what is Pola Negri's picture called? "The Devil's Pawn," and is it a noun or a verb?

Some one started the rumor that this picture was a screen version of "The Yellow Ticket," but if it is that fact has been carefully concealed. If we were a star and somebody insisted on releasing our old pictures when we wore our hair in a pompadour or a figure eight, we should rise up and slay them.

"The Devil's Pawn" hasn't a thing to recommend it save the presence of Miss Negri. The story is disjointed, and even if it were anatomically perfect it is a bad story. The photography and the settings are something to write home about, though, and one of those people who think that when one writes home his communication must necessarily contain nothing but eulogies. Anyhow, we do not mean it that way.

Pola Negri is always interesting to watch, and probably you will forget all about the story and sit there saying "Doesn't she look beautiful there?" and "Isn't she a splendid actress all the time?" At times the English titles are written in quite a different key from the one in which the actors are playing. They may have been written by a censor, for they are quite innocent now. It was the same with the German version of "Camille." But, of course, a nice, discreet title will make an honest woman of any forward female, and unless you are blameless do not cast the first doubt.

The man who saw the picture with us learned to speak German before he learned English, so it was quite easy for him to read the original titles at times. Sometimes the difference in the spoken and the printed words was funny, he said. All we ever can understand in a German film is "Yah" and "Nein."

Harry Liedtke, much slimmer than the last time, is the lover.

The story is by John Brenner and John Kraly, and the direction is by Paul Ludwig Stein.

One of the best things on the pro-

gram is the demonstration of the new organ. It can do anything, from an imitation of all the musical instruments in the orchestra to an imitation of a man and woman carrying on an argument. It also does a locomotive, a motor car, a fire whistle and bell, a dog and cat fighting, a man snoring and a darky quartet. And all of these things are perfect.

There is an extremely interesting picture called "Below the Antarctic Circle." It is the first showing of the pictures taken during Sir Douglas Mawson's scientific expedition from 1911 to 1914 in the trackless ice fields of the extreme south. It doesn't seem to be very attractive place to own your own home.

The comedy is Larry Semon in "A Pair of Kings." The picture is "Pique Dame," Gladys Rice sings "Love, Here Is My Heart" and Marcel Salico sings Massenet's "Visions Fugitives." The Rialto has new decorations and a new curtain. There is something about these decorations that reminds one of the "Chauve Souris."

"Nanook of the North" isn't a picture play, because there is no story. It shows the way the Eskimos live, and they require still closer supervision, but their power is so great and the general public interest seems to be so lethargic that it has been impossible thus far to bring them within the law. In their present form they are an outgrown, despite and dangerous anachronism, but they can be made useful and legitimate if the public in turn can be aroused and sustained long enough to overcome their malignant influence over legislative and other public bodies."

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